

THE LEONARD LETTER

November 8, 2004

QUOTE OF THE WEEK

*"Anything that keeps a politician humble is healthy for democracy."
Michael Kinsley, (1951-) Editor of SLATE magazine*

BALLOT WATCH

*****Election Reflections*****

According to the Secretary of State there are still 17 California counties counting votes so the turnout numbers will go up a bit. Despite the Secretary's prediction that more than 70% of voters would turnout last Tuesday, the California turnout was a low 62.8%. This may even be a record low for a presidential election in the state. My memory is that this year's is as low as recent gubernatorial elections.

According to wire service reports, the higher the turnout in battleground states, the better Bush did. Contrary to conventional wisdom that says Republicans benefit from lower voter turnout, including my good friend Matt Rexroad who opined that Republicans were hoping for a snowstorm on election day in California, the party that better organizes turnout of friendly voters, wins.

The rest of the nation had record, or near-record turnouts because in most states there was a real presidential contest or a real U.S. Senate race. The fact that California had such an abysmally low turnout shows the power of genuine candidates campaigning and getting out the vote.

My thanks to all the volunteers to gave their election day to help their candidate. The candidate with the most and best organized volunteers usually wins. The difference between a low turnout election and a record turnout is the number of volunteers who reminded their friends and neighbors to vote.

*****Election Statistics*****

National Review On-Line provided several statistics about the recent election that deserve greater distribution. President Bush became the first President to be re-elected while gaining seats in the House and Senate since 1936 and the first Republican President since 1924 to be re-elected while re-electing Republican House and Senate majorities. He is also the first President to win a majority of the popular vote since 1988. With 96% reporting, he had received 59,459,765 million votes -- more than any other candidate in history. He broke President Reagan's 1984 mark of 54.5 million. (To be fair, Senator

Kerry also broke Reagan's record, having received 55,949,407 votes.) He increased the popular vote by seven million votes since 2000 -- more than twice Clinton's increase from 1992 to 1996. President Bush also improved his percentage in every state except four (MD, OR, VT and WY). This includes a four percent increase in John Kerry's home state of Massachusetts. While the nation still has political divisions, it is clear that a real national majority support the President.

UNDER THE DOME

*****Campbell a Solid Choice for DOF*****

I was pleased to hear the news that the Governor has asked my friend, Tom Campbell, to be his new Director of Finance. The Governor envisions the job as the CFO of state government, and I am confident Tom Campbell will help the Governor by being a genuine in-house manager of fiscal matters.

While in the legislature, Tom Campbell authored and passed a bill to require the Department of Finance to analyze fiscal bills "dynamically" instead of "statically." When liberals propose taxing "the rich" they usually just take the number of people they consider rich and multiply that number by the tax increase and say that is how much revenue will come in. That is a static analysis. A dynamic analysis asks how many rich people will move to Nevada as a result of higher taxes. In short, dynamic modeling assumes that changes in tax policy mean there will be changes in taxpayer behavior that are fiscally significant.

The difference between the two methods is perfectly illustrated by a study I asked the Legislative Analyst to do in 2002 of Governor Wilson's tax increases. That study showed that the actual revenue that came in as a result of those tax increases was about 20% lower than was forecast at the time the tax hikes were proposed. This resulted in a net shortfall to the state's treasury of more than \$1.8 billion over three years. Clearly, Campbell's 1994 legislation to require dynamic modeling was desperately needed, even if Finance has not since always followed through with the law. Under Campbell, I am confident they will.

Tom Campbell proved to me he is highly intelligent, but perhaps more importantly, during the time I served with him in the Senate, he demonstrated the virtue of thriftiness to a remarkable degree. I am confident the state will be well served by this appointment.

*****CPR Continued*****

Today I continue the list of state government functions that the California Performance Review recommends maintaining, although the work will be done by new departments. The old entity is followed, in parentheses, by where the function will be done under the reorganization plan.

Coachella Mountain Conservancy (Natural Resources); California Coastal Commission (Natural Resources, except the Oil Spill Program, which will be overseen by the Environmental Protection); Continuing Care Advisory Committee (Health and Human Services); Correctional Standard Authority (Correctional Services); Cultural and Historical Endowment (Natural Resources); Committee on Dental Auxiliaries (Health and Human Services); Dental Board of California (Health and Human Services except for those functions transferred to the Dept. of Public Safety and Homeland Security); State Council on Developmental Disabilities (Health and Human Services); Developmental Disability Area Boards (Health and Human Services); Economic Strategy Panel (Labor and Economic Development); Film Commission (Labor and Economic Development); Financial Solvency Standards Advisory Board (Health and Human Services);

ISSUE FOCUS

*****Education: Bad News/Good News*****

Over the past few months, the Department of Education has released data that show an education system in serious crisis. It is important to keep in mind that it some will try to shoot the messenger. Every excuse will be given why it is bad to measure student achievement. It took years of hard political fighting to even get to this point where we are testing students against national norms and minimum standards. Measurement alone does not improve educational quality but properly used it will give educators and policy makers pointers on making needed improvements. We cannot afford to let up on these measures.

Starting with the Early Assessment program. The CSU system has teamed up with California's K-12 schools to provide 11th-graders a way to measure their ability to do college level work. This is a terrific idea. Last Spring nearly 40 percent of all 11th grade students statewide voluntarily took a test to see whether they are ready to handle college-level mathematics and English at CSU. The results are shocking: Only 22 percent were ready to take college English classes and 55 percent were ready for college mathematics.

In addition to this, the number of California schools facing penalties under the Federal No Child Left Behind Act because they failed to meet federal test-score standards rose 45 percent to 1,626 schools, which is about 20 percent of all California schools. This could rise substantially as the requirements under the Act become tougher. By 2014, 100 percent of students in each public school must score "proficient" in reading, writing, and math -- hence, the title "No Child Left Behind."

Many reformers have been warning us about the decline in educational skills of our students. These tests are concrete proof that the warnings cannot be ignored. Those who would end this testing must be rebuffed so that we can use this information to guide our educational bureaucracy to the needed improvements.

MISCELLANY

Citizenship Test 18

Last Tuesday when we cast our ballots, we did not vote directly for the President. Rather, we voted for slates of electors who will comprise the Electoral College. (To see a list of the California Electors for John Kerry, go to http://www.ss.ca.gov/elections/elector_list_2004.pdf) That body determines who will be the President, and the purpose of it is to make sure the President has sufficient popular support to govern and sufficient distribution of that support around the nation. That this is so fresh in our minds should cause us to consider the answer to question 78. The answer is not “democracy,” but a federal democratic republic.

- 75. What are the 13 original states of the U.S. called?
- 76. Name three rights of freedom guaranteed by the Bill of Rights?
- 77. Who has the power to declare war?
- 78. What kind of government does the United States have?
- 79. Which President freed the slaves?

BOE AND LEGISLATIVE DATES

November 11, 2004 --- Veterans' Day.

November 17, 2004 --- BoE meets in San Diego.

November 30, 2004 --- Close of property tax assessment appeals filings in most California counties.

December 6, 2004 --- Legislature Convenes/Swearing-In of Members.

December 13, 2004 - Meeting of Electors: The electors in each State meet to select the President and Vice President of the United States.

December 14-15, 2004 --- BoE meets in Sacramento.

NOTABLE DATES/ HISTORY

November 8, 1966 --- Movie star Ronald Reagan was elected Governor of California.

November 9, 1620 --- The Pilgrims arrived at Cape Cod, MA, after a 66-day voyage aboard the ship *Mayflower*.

November 9, 1989 --- The Berlin Wall was opened after dividing west from east for 28 years.

November 10, 1951 --- Direct-dial coast-to-coast long distance telephone service began in the U.S.

November 10, 1775 --- The U.S. Marines Corps was commissioned by the Continental Congress.

November 11, 1647 --- Massachusetts passed the first U.S. compulsory school attendance law.

November 11, 1918 --- Armistice Day; WW I ended at 11am on the Western Front.

November 12, 1936 --- The Oakland Bay Bridge opened.

November 13, 1789 --- Ben Franklin wrote "Nothing . . . certain but death & taxes."

November 13, 1979 --- Ronald Reagan announced his candidacy for President in New York.

November 14, 1906 --- Teddy Roosevelt became the first U.S. President to visit a foreign country (Panama).

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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